

## Message Text

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67

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 OES-06 SAJ-01 BIB-01

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R 291625Z JUL 76

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 6997

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BONN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

USMISSION EC BRUSSELS

USMISSION NATO

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

C O N F I D E N T I A L MOSCOW 12017

E.O. 11652: XGDS-4

TAGS: EMIN, EIND, ETRD, EFIN, UR, COMECON, XH, GW

SUBJECT: REPORTED DELAY IN CONSTRUCTION OF CEMA SECTION OF  
KURSK STEEL COMPLEX

REF: MOSCOW 11797

1. SUMMARY: ALTHOUGH FRG SECTOR OF KURSK STEEL COMPLEX  
APPEARS TO BE MOVING AHEAD AS PLANNED, WITH COMPLETION DATE  
SCHEDULED FOR 1980, THERE IS LITTLE MENTION OF SECTOR BEING  
FINANCED BY EE CEMA COUNTRIES. A SOVIET SOURCE REPORTS THAT  
THIS PROJECT HAS BEEN PUSHED BACK TO THE NEXT FIVE-YEAR PLAN  
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(1981-85). SINCE CEMA EE COUNTRIES HAVE BEEN PROMISED IRON ORE

FROM KURSK IN NOT TOO DISTANT FUTURE, IT IS POSSIBLE THAT THEY MAY RECEIVE SOME ADVANCE SHIPMENTS FROM FRG SECTOR. END SUMMARY.

2. IN CONTRAST TO CONTINUED PROGRESS REPORTS ON SECTOR OF KURSK STEEL COMPLEX WHICH WILL BE BUILT BY FRG FIRMS (REFTEL), EMBASSY HAS NOTED RELATIVELY LITTLE RECENT MENTION IN SOVIET PRESS OR ELSEWHERE ON DEVELOPMENT OF THAT SECTION OF KURSK WHICH IS TO BE BUILT THROUGH INVESTMENTS BY EE CEMA COUNTRIES. OVER THE PAST SEVERAL YEARS THIS PROJECT, WHICH IS ONE OF THE SEVERAL LARGE CEMA MULTILATERAL PROJECTS ON SOVIET TERRITORY FOR DEVELOPMENT OF RAW MATERIALS, HAS BEEN BILLED AS AN IMPORTANT SOURCE OF ENRICHED IRON ORE FOR EE PARTICIPANTS. AS FAR AS WE ARE AWARE, ALL OF THE CEMA EE COUNTRIES EXCEPT ROMANIAN HAVE CONCLUDED BILATERAL AGREEMENTS WITH THE USSR UNDER WHICH THEY WILL DELIVER THE USUAL SPECIFIED QUANTITIES OF INDUSTRIAL EQUIPMENT IN EXCHANGE FOR DELIVERIES OF IRON ORE (POSSIBLY IRON PELLETS?) FROM THE TIME THE PROJECT IS COMPLETED THROUGH THE YEAR 1990.

3. ON JULY 25 EMBASSY OFFICER RAISED THIS SUBJECT IN CONVERSATION WITH ECONOMIST FROM MOSCOW'S INSTITUTE OF WORLD SOCIALIST ECONOMY WHO IS WELL INFORMED ON CEMA DEVELOPMENTS. ACCORDING TO ECONOMIST, TIMING FOR CEMA SECTION OF KURSK HAS BEEN MOVED BACK AND IT WILL NOT REALLY GET UNDERWAY UNTIL THE 1981-85 FIVE-YEAR PLAN. HE SAID THAT THIS DECISION "HAS PROBABLY NOT BEEN MENTIONED IN THE PRESS."

4. COMMENT: IF THIS STATEMENT IS CORRECT, AND SOURCE HAS PROVED TO BE GENERALLY ACCURATE OVER THE PAST SEVERAL YEARS, WE SPECULATE THAT SOVIETS MAY PLAN INITIALLY TO PROVIDE CEMA EE COUNTRIES WITH SOME OF THE OUTPUT FROM THE FRG SECTOR OF KURSK WHICH IS SCHEDULED FOR COMPLETION IN 1980. THIS WOULD BE AN UNUSUAL DEVELOPMENT INVOLVING SOME UNUSUAL SOCIALIST LARGESSE ON THE PART OF THE USSR. ON THE OTHER HAND, REFERENCES TO THE BENEFITS THE EE COUNTRIES WILL SOON BE RECEIVING FROM THE LARGE MULTILATERAL CEMA DEVELOPMENT PROJECTS HAVE REGULARLY REFERRED TO IRON ORE AS WELL AS NATURAL GAS, ASBESTOS AND CELLULOSE. AND  
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WE KNOW OF NO OTHER POSSIBLE SOURCE FOR SUCH IRON ORE SHIPMENTS. EMBASSY WOULD APPRECIATE ANY CONFIRMATION OF THIS REPORTED POSTPONEMENT WHICH OTHER ADDRESSEE POSTS MAY HAVE.  
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## Message Attributes

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